MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015 / 2016

DBL5028 – COMPANY LAW

(For Diploma Students Only)

2 MARCH 2016
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 3 pages with 5 questions only.
2. Attempt **FOUR (4)** out of **FIVE (5)** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. You are required to cite sections and case laws where relevant.
4. Please write all your answers in the Answer Booklet provided.

QUESTION 1

a) State the contents of the following:

i. Profit and loss account

(2 marks)

ii. Balance sheet

(2 marks)

iii. Director's report

(2 marks)

b) List down **(4) FOUR** disqualification of auditors under Section 9 (1) of Companies Act 1965.

(4 marks)

c) Early this year, Tan has been appointed as an auditor for Excellent Company Sdn. Bhd. At the general meeting, Tan has circulated the auditor's report to all the members of the company. In his report, he has mentioned that the company has suffered a lost more than RM 50,000.00.

However, after the directors of the company went through the report they have realized that Tan has given the members a wrong information. The company's lost was only RM20, 000.00. As a result, more than 10 members of the company has withdrawn themselves from the company.

As a lawyer, advice the company whether the company can take action towards Tan when he provided inaccurate auditor's report to the members of the company.

(15 marks)

[Total : 25 Marks]

QUESTION 2

a) London Bridge Sdn. Bhd was incorporated in 2013 with several object clause including power to borrow money by the directors. It was stated in the memorandum of the company which empowered the board of directors of the company to borrow money from time to time authorised by special resolution passed in a general meeting of a company. However, it was found out that the article of association of the company allows such borrowing to be passed with ordinary resolution.

Last month, an ordinary resolution has been passed by the company to allow one of the directors, Minnie, to borrow money from the company.

Minnie seeks for your advice whether the ordinary resolution is valid as it contradicts the memorandum of the company.

(10 marks)

Continued.....

b) The article of a company when registered is a public document and it is open for inspection by anyone minded to deal with the company. With reference to provisions in Companies Act 1965, state the following:

i. Contents of the article of association

(10 marks)

ii. Alteration of the article of association

(5 marks)

[Total : 25 Marks]

QUESTION 3

a) The shares in a company are movable property, transferable in the manner provided by the article of a company and shall not be of the nature of immovable property. With reference to provisions in Companies Act 1965, define the following:

i. Nominal capital

(2 marks)

ii. Paid up capital

(2 marks)

iii. Unpaid capital

(2 marks)

iv. Preference shares

(2 marks)

v. Redeemable preference shares

(2 marks)

b) There are various ways in which a company may raise funds to run its business activities which include the power of the company to give security for the loan by creating charges. Based on your understanding, state any **(3) THREE** differences between floating charge and fixed charge.

(15 marks)

[Total : 25 Marks]

QUESTION 4

The primary organs of a company consist of the board of directors and the members in general meeting. However, the board of directors is vested with very broad powers of management which the general meeting is unable to control.

a) Explain the propositions in the case of *Foss v Harbottle (1843).*

(5 marks)

Continued.....

b) With reference to case law and provisions from Companies Act 1950, briefly explain the exceptions to the rule in *Foss v Harbottle (1843)*.

(15 marks)

c) Explain **(2) TWO** provisions in Companies Act 1965 which provide remedies for minority shareholders who are oppressed.

(5 marks)

[Total : 25 Marks]

QUESTION 5

a) Briefly explain the powers of Companies Commission of Malaysia (CCM).

(12 marks)

b) List down any **(3) THREE** legislations that have been administered and enforced by the Companies Commission of Malaysia (CCM).

(3 marks)

c) Describe what is Securities Commission Malaysia (SC).

(6 marks)

d) State any **(4) FOUR** enforcement tools that are available to Securities Commission Malaysia (SC) under administrative action.

(4 marks)

[Total : 25 Marks]

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